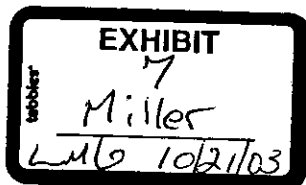


Your _____ **Employee Benefits** _____ **Handbook**

COMEnergy®



Dupre-4767



Commonwealth Energy System
One Main Street
Post Office Box 9150
Cambridge, Massachusetts 02142-9150
Telephone (617) 225-4000

January 1996

Dear Employee:

The ongoing success of Commonwealth Energy System and Subsidiary Companies (the "Company") is the direct result of your hard work and dedication to providing quality products and services to our customers. To support your efforts, the Company offers a comprehensive and competitive benefit program. This program is designed to help provide for your financial security and to help protect you and your family in times of illness and uncertainty.

We have designed this new Employee Benefits Handbook as an easy-to-use reference guide. The new Handbook provides detailed descriptions and examples of your coverage under each benefit plan. A new "Life Events Chart" provides benefit guidance for important personal events such as marriage or the birth of a child. The Handbook also contains a "Benefits Info." section which is designed as a useful place for you to file copies of your benefit newsletters, notices, announcements and correspondence.

You may discard your old Employee Benefits Handbook and recycle its contents. Please keep your new Handbook in a convenient location for easy reference whenever you have questions about your benefits and the coverage that applies to you. Of course, your local Employee Benefits Representatives are available to answer any specific questions which you may have. Your local Employee Benefits Representatives are:

COM/Gas	Carol Cormier	2273
COM/Electric	Don Graham	3259
COM/Energy	Larry Stempkowski	4215

We hope that you find this Handbook to be a valuable resource.

Sincerely,

A handwritten signature in cursive script that reads "William G. Poist".

William G. Poist

Dupre-4768

b e n e f i t s

must give us information and assistance and sign all necessary documents to help us receive our repayment. You must not do anything that might limit our repayment.

2. Enrollment and Termination Provisions

A. Enrollment Changes

If you want to ask for a membership adjustment, you should notify your *Plan Sponsor*. Your *Plan Sponsor* will supply you with any special form you may need.

All enrollment changes or any additions or changes to a *contract* are allowed only when they conform to our Manual of Underwriting Guidelines for Group Business. These guidelines are on file with the Commissioner of Insurance. We will not approve an adjustment if it is for something that took place more than two years before we receive the written request.

B. Changes to Your Contract

We or your *Plan Sponsor* may change a part of your *contract*.

Each time we change part of your *contract*, we will send your *Plan Sponsor* a notice. The notice will describe the change being made and its *effective date*. For example, we may change the amount you must pay for certain services or add benefits mandated by state or federal law. We will expect him or her to notify you. We are not responsible if he or she does not. Your *contract* will be changed whether or not you or your *Plan Sponsor* receives our notice.

When your *Plan Sponsor* changes part of your *contract*, it is his or her responsibility to notify you. Your *contract* will be changed whether or not you receive your *Plan Sponsor's* notice.

You can get the actual language of the amendment to your *contract* by contacting us as described at the end of this certificate.

The change will apply to all benefits for services you receive on or after its *effective date*. There is one exception. If before the *effective date* of the change you started receiving services for a procedure that requires two or more visits, we will not apply the change to services related to that procedure. However, if your group has purchased benefits for orthodontic services, this provision will not apply to those orthodontic services.

C. Termination of Your Contract

(1) **You or Your *Plan Sponsor* May Terminate Your Contract**—Your *Plan Sponsor* may terminate your *contract* for any reason. You may

b e n e f i t s

also terminate your *contract* through your *Plan Sponsor*. To do so, your *Plan Sponsor* must give us notice in writing within 30 days of termination.

(2) **We May Terminate Your Contract**—You do not have to worry that we will terminate your *contract* because you are using benefits or because you will need more benefits in the future. We will terminate your *contract* only for the following reasons:

- a. We may terminate your *contract* if the amount your *Plan Sponsor* owes us is not paid within 60 days after it is due. We do not have to give you notice of the termination. Termination will be effective on a date we choose, but not earlier than 30 days after the due date. The *Plan Sponsor* will owe us the amount due for the period between the due date and the termination date. You agree that we may use your rights against the *Plan Sponsor* to collect that amount.
- b. We may terminate your *contract* without prior notice if you made some misrepresentation to us. In such a case, termination will be as of your *effective date*.
- c. We may terminate your *contract* without prior notice as of a date approved by the Commissioner of Insurance.
- d. We may terminate your *contract* for any reason as of any date, but only if we also terminate all other *contracts* of this type.
- e. We may terminate your *contract* at any time for failure to maintain membership requirements in accordance with our Manual of Underwriting Guidelines for Group Business. These guidelines are on file with the Commissioner of Insurance.

(3) **Benefits After Your Termination Date**—If your *contract* is terminated for any reason, other than misrepresentation, we will continue to provide benefits only if before the termination date you started receiving services for a procedure that requires two or more visits. In such a case, the benefits described in this *contract* are available after your termination date for services related to that procedure. However, if your group has purchased benefits for orthodontic services, this provision will not apply to those orthodontic services.

(4) **When Your Coverage Ends**

There are no conversion privileges under this contract. Coverage will end when any of the following occurs.

- a. **When You Leave Your Job**—Your coverage under this *contract* ends if you leave your job or if you are not working enough hours to remain eligible for the group plan. Contact your *Plan Sponsor* for more information.

b e n e f i t s

- b. **At Age 19 or 23**—We will cover your unmarried dependent child under your *family contract* only until his or her 19th birthday or, in the case of a full-time student, until his or her 23rd birthday.

If we determine that your dependent child is either mentally or physically handicapped on the date he or she would normally lose eligibility under your *family contract* so as not to be capable of earning his or her own living, special arrangements can be made for your child to continue coverage under your *family contract*. You must apply for this continued coverage through your *Plan Sponsor* within 30 days of the date your child would normally lose eligibility under your *family contract*. In addition, you must supply us with any medical or other information that we may need to determine if your child is eligible to continue coverage under your *family contract*.

- c. **Marriage Before Age 19 or 23**—If your dependent child marries before reaching age 19 or, in the case of a full-time student, before reaching age 23, we will cover him or her only until the date of marriage.
- d. **Dependent of a Dependent Child**—When your dependent child's coverage under your *family contract* ends, the coverage for any dependent offspring of that dependent child also ends.
- e. **Subscriber's Death**—If the *subscriber* dies, coverage for the remaining *members* covered under the *family contract* also ends.

If you are the surviving spouse and/or enrolled dependent children, your membership in this *contract* will continue for up to 12 months. You should call or write your local Employee Benefits Representative for more information.

- f. **Divorce**—If the *subscriber* is divorced but not remarried, the former spouse may continue membership under the *family contract* unless the divorce judgment specifies otherwise. This coverage is valid only until either the *subscriber* or the former spouse remarries or until such time as provided by the divorce judgment, whichever occurs first.

When the *subscriber* remarries, the former spouse may continue coverage in the *subscriber's* group plan under an *individual contract*, if the divorce judgment provides for such coverage or to the extent required by federal law. If the former spouse remarries, he or she may continue coverage in the *subscriber's* group plan under an *individual contract* to the extent required by federal law. Contact your *Plan Sponsor* for more information.

Note: In situations a. through f. above, *members* have a right to choose continued coverage under this *contract* to the extent required by state or federal law. Contact your *Plan Sponsor* for more information.